

REMARKS

Applicant submits this paper in response to an office action mailed on February 2, 2005 for the above-referenced application. Applicant respectfully requests a one-month extension of time and submits concurrently herewith a form request and the request fee. Applicant respectfully requests reconsideration and allowance of the pending claims 21-38 and 52-60. Claims 21, 25, 26, and 34 have been amended; and claims 39-51 have been canceled.

Preliminarily, Joshua Kaplan, Samuel Lee, and the undersigned thank the examiner for granting a telephonic interview on May 2, 2005. Applicant appreciates the examiner for his time.

By the amendments presented, claims 21 and 25 have been amended to clarify that the recited methods include (i) "using a web browser process at the remote user's computer," (ii) a network web site serving a web server process, and (iii) "receiving through the web browser process the chosen pre-selected portion of the pre-recorded products at the remote user's computer." Claims 26 and 34 have been amended to clarify that the recited system claims include (i) a networked central host web server, (ii) a request by a remote user using a web browser, and (iii) central host web server hosting a web site that enables receipt of the video product through the web browser process. Support for these amendments are provided in the specification and drawings, inter alia, Figure 34B, Figure 35, Figures 38-42, Figures 46-50, and Figures 52-57. In view of adequate support for these amendments, applicant submits that no new matter has been added by these amendments.

Section 103 rejection of claims 21, 23, 24, 26-29, 34, 38, 53, 56, and 59

Claims 21, 23, 24, 26-29, 34, 38, 53, 56, and 59 have been rejected under 35 U.S.C. § 103 as unpatentable over Tsevdos et al. (USPN 5,734,719) in view of an article describing a service called eShop ("eShop Brings Dynamic Retailing to the Internet," Business Wire, 7/13/1995). In regard to independent method claim 21, the examiner asserts that Tsevdos (i.e., abstract, Figs. 1, 15, 17, 24, and 26) discloses all of the elements of method claim 21 except for providing user identification data to the central computer (prior to previewing the video products) to track the users progress through the web site.¹ The examiner relies on the Business Wire article about

¹ Applicant notes that, in the order process of Tsevdos, a customer may insert a membership card into a reader. (See Tsevdos at col. 17, lines 2-8.)

eShop for this deficiency by referring to page PA00634, which purports to teach automatic customer tracking of a customer's web site visit to record merchandising information for customized promotions on a next visit to the web site. The examiner asserts that it would have been obvious to a person of ordinary skill in the art at the time of the invention to include in Tsevdos tracking of customer usage of the web site, because this gathered information produces better targeted promotions that strengthen their customer relations by not providing information that is not of interest to the buyer. In regard to claim 23, the examiner refers to Figure 11 of Tsevdos for teaching a central device having a plurality of compact disc – read only memory. In regard to claim 24, the examiner refers to Figures 4 and 5 of Tsevdos for teaching a central storage device having a RAID array drive.

In regard to independent system claim 26, the examiner references his analysis in claim 21 and asserts that the combination of Tsevdos and the Business Wire eShop article teaches the elements of this claim by referencing the examiner's analysis in claim 21. In regard to claim 27, the examiner references his analysis of claim 26 and asserts that Tsevdos teaches that the portions of plurality of different pre-selected pre-recorded video products are identified and called from the central storage device using unique product codes. In regard to claim 28, the examiner references Figure 28 of Tsevdos for teaching a machine executable program of instructions that provides a purchasing process comprising receiving from the user an order for purchasing at least one video product and recording the order for processing. In regard to claim 29, the examiner references his analysis in claim 26 asserting that Tsevdos teaches a machine executable program of instructions that provides a listing process comprising providing the user with dynamic lists of the preselected portions of the plurality of different pre-recorded video products that have been previewed the most.

In regard to independent system claim 34, the examiner references his analysis in claim 21 and asserts that the combination of Tsevdos and the Business Wire eShop article teaches the elements of this claim. In regard to claim 38, the examiner references Figure 29 of Tsevdos for teaching the recited demographic information. In regard to claims 53, 56 and 59, the examiner references Figures 29-38 of Tsevdos for teaching the recited step in claim 53 of gathering customized market research information and the recited system in claims 56 and 59 having an executable program of instruction that provides a customizable market research process.

Applicant respectfully traverses these rejections, as applied to amended claims 21, 26, and 34. Applicant directs the examiner's attention to independent claims 21, 26 and 34, which all require a web site (or interaction with a web site), a web browser (or web browser process) and a web server (or web server process). For example, independent method claim 21, as amended, requires "using a web browser process at the remote user's computer to establish a telecommunications link to a network web site served by a web server process" and "receiving through the web browser process the chosen pre-selected portion of the pre-recorded products at the remote user's computer." Similarly, independent system claims 26 and 34, as amended, require a "networked central host server hosting a web site," "a request by a remote user using a web browser," and "a central host web server hosting a web site that enables receipt of the video product through the web browser." This requirement of utilizing a web browser (or web browser process) to communicate with a web site hosted by a web server (or web server process) is described in applicant's specification in a preferred embodiment. (See present application, inter alia, from page 12, line 17 to page 15, line 18, Figure 34B, Figure 35, Figures 38-42, Figures 46-50, and Figures 52-57, which show a web browser). For example, a preferred embodiment utilizes the following hardware and software to maintain or interact with a web site: (i) a STI Silicon Graphics Unix Server to control basic operations of the web site and includes http protocol for generating a web page, and (ii) static HTML script files to provide users with the different web pages. (See present application, page 13, lines 12-25.)

In contrast, Tsevdos fails to teach or even suggest the use of a web site (or interaction with a web site), a web browser (or web browser process), or a web server. Rather, Tsevdos teaches direct communication links from the retail store to servers physically located at local, regional, and master sites. (See Tsevdos, Abstract, col. 3, lines 34-54, from col. 9, line 30 to col. 11, line 28, and Figures 1-3.) As a result, Tsevdos teaches communication architecture that is significantly different from the present claims. For example, Tsevdos teaches servers at multiple sites and software for client-to-client communications. Tsevdos, therefore, fails to teach or suggest all of the requirements of claims 21, 26 and 34, as amended.

The addition of the eShop article ("eShop Brings Dynamic Retailing to the Internet," Business Wire, 7/13/1995) to Tsevdos does not correct this deficiency. First, the eShop article does not enable the skilled artisan on how to practice the features discussed. The article superficially teaches that certain things can be done without teaching how these features are practiced, because the software was proprietary. Furthermore, the World Wide Web was at its

infancy in mid-1995. Accordingly, the eShop article provides no information on how to transfer the teachings of Tsevdos (purported by the Examiner) concerning a proprietary network to a web site available on the Internet.

More importantly, another published article regarding eShop teaches away from combining eShop with Tsevdos. A second eShop article (“eShop Names First Partners for Online Retailing Service,” Information & Interactive Services Report, 7/28/1995, copy enclosed, submitted in an IDS on October 23, 2001 at sheet 4 of 5, copy also enclosed), states that “bandwidth constraints still rule out video and limit audio use.” Accordingly, the skilled artisan would not have combined the teachings of Tsevdos with the first eShop Business Wire article, as asserted by the Examiner, because the skilled artisan would have known that the eShop technology would not allow preview of video recordings as required by the claims. In view of the reasons discussed above, applicant submits that claims 21, 23, 24, 26-29, 34, 38, 53, 56, and 59 of the present application are not obvious over the combination of Tsevdos and the eShop Business Wire article, as asserted by the examiner. Withdrawal of this rejection is requested.

In regard to claim 23, applicant submits that Tsevdos does not teach a central storage device comprising a plurality of CD-ROMS. The examiner cited Figure 11 of Tsevdos for teaching CD-ROMS as the central storage device (for storing pre-selected portions of . . . pre-recorded video products). However, Figure 11 only illustrates CD writers to produce compact discs with the purchased songs chosen the by consumer. Figure 11, therefore, does not teach or suggest the use of CD-ROMS as the central storage device that stores all of the pre-recorded video products. During the telephone interview, the examiner pointed to the Tsevdos abstract for teaching CD-ROMS. This portion of the abstract states, “The selected media for the manufacture and production of the digital data may be from a myriad of different selections and can include CD’s, cassette tapes, CD ROM technology, reel-to-reel tapes, and video disks, as an example.” Applicant respectfully submits this statement relates to the recording media used for the customer at the retail store, and not the “central storage device,” as recited in claim 23. See for example Tsevdos, col. 3, lines 24-33, Figure 1 (call out no. 104), Figure 11 (call out no. 1108), Figure 12 (call out no. 104), and Figure 13 (call out no. 1316). Each of these portions of Tsevdos shows recording media used by the customer purchase selected songs on the CD ROM, tape, or video disk. Applicants, therefore, request withdrawal of this rejection of claim 23.

Section 103 rejection of claims 25 and 30

Claims 25 and 30 have been rejected under 35 U.S.C. § 103 as unpatentable over Tsevdos in view of the Business Wire eShop article discussed above, and further in view of Official Notice that SKU's were known. In regard to claim 25, the examiner references his analysis in claim 21 and asserts that the combination of Tsevdos and the Business Wire eShop article teach all of the limitations of this claim. Although this claim also requires the use of a "product code," the examiner asserts that product codes, such as SKU's, were old and well known in the art at the time of the invention. The examiner, therefore, asserts that it would have been obvious for the skilled artisan to include in the combination of Tsevdos and the Business Wire eShop article to use product codes, because the use of product codes is a notoriously well known and efficient means to identify and keep track of the products available for preview on a web site.

In regard to claim 30, the examiner asserts, without providing any citation to a document, that Tsevdos teaches a machine executable program of instructions that provides a recording process comprising providing the user with a record of previous previews by the user. Although the examiner admits that neither Tsevdos nor the Business Wire eShop article specifically teaches providing the user with a record of previous previews by the user, the examiner asserts that it would have been obvious to the skilled artisan to include in the combination of Tsevdos and eShop the presentation of prior usage, because it is known that information that improves the use of a web site by a user by making searching easier will improve the usefulness and encourage the buyer to return to the web site.

Applicant respectfully traverses this rejection. As noted above, the combination of references is not proper. In regard to independent method claim 25, applicants submit that the first element of this claim requires "using a web browser process at the remote user's computer to establish a telecommunications link to the network web site served by a web server process" and "receiving through the web browser process the chosen pre-selected portion of the pre-recorded video products." Since these requirements are similar to the requirements of claim 21, , applicant incorporates herein the relevant portions of the arguments presented above in response to the Section 103 rejection of claim 21. Withdrawal of this rejection is requested.

In regard to claim 30 (which depends from independent computer system claim 26), applicant submits that the examiner is using impermissible hindsight reconstruction to deem obvious the recited element of "a machine executable program of instructions that provides a recording process comprising providing the user with a record of previous previews by the user."

Although this feature is commonplace today in 2005, this feature was not obvious in 1995-1996 during the infancy of the World Wide Web. As the examiner admits, neither Tsevdos nor the eShop Business Wire article teach or suggest this feature. Applicant also incorporates herein the arguments presented above in response to the Section 103 rejection of claim 26, from which claim 30 depends. Applicant, therefore, respectfully requests withdrawal of this rejection.

Section 103 rejection of claims 22, 31-33, 35-37, 52, 54, 55, 57, 58 and 60

Claims 22, 31-33, 35-37, 52, 54, 55, 57, 58 and 60 have been rejected under 35 U.S.C. § 103(a) as unpatentable over Tsevdos in view of eShop and further in view of the Internet Shopping Network (article from applicant's IDS dated 12/28/01). The examiner acknowledges that Tsevdos and eShop both do not specifically mention that the information gathered is a rating of the video product. However, the examiner relies on ISN for providing users with the option to rate their music and have the information available online for consumers that prefer to browse music that is popular by other listeners. The examiner, therefore, asserts that it would have been obvious to a person having ordinary skill in the art to include in Tsevdos/eShop rating the videos, because it was well known in the art at the time of the invention that the more specific the information is the more effective it is for the marketer to narrow the presentation of marketed products.

Applicant respectfully traverses this rejection. All of these claims depend directly or indirectly from independent claims previously rejected under Section 103. For example, claims 22, 52, and 54 depend directly or indirectly from independent method claim 21; claims 31-33 and 55 depend directly or indirectly from independent computer system claim 26; and claims 35-37, 57, 58, and 60 depend directly or indirectly from independent computer system claim 34. Applicant, therefore, incorporates herein the arguments in regard to the improper combination of Tsevdos and the eShop Business Wire article presented above in response to the Section 103 rejection of independent claims 21, 26, and 34.

Furthermore, in regard to the Internet Shopping Network, the Internet Shopping Network utilized the iStation Online and was not operational in 1995. In relation to the iStation Online, the Applicant respectfully directs the examiner to an Order Denying Defendants' Motions for Summary Judgment, December 12, 2001, U.S. District Court for the Northern District of California (copy enclosed, submitted in an IDS submitted on January 16, 2002). This order addresses an attempt by the defendants to show that (i) the iStation Online was made public in

April 1995 at an Internet World Convention and (ii) a variation thereof was offered for sale in October 1995. (See Order at pp. 6, 10 and 11.) The Court denied both motions. (See Order at pp. 8, 9, 16 and 17.) The Court relied on testimony that the iStation Online prototype demonstrated at the Internet World conference did not have a telecommunications link, did not allow sampling, did not allow purchasing, and could not uniquely identify users or track their activities. (See Order at pp. 7 and 8.) The Court also relied on testimony that the Strawberries site and the worldwidemusic site was not accessible via the Internet, and did not relate activities to a particular user. The Internet Shopping Network article, therefore, described a system that was not enabled to provide any type of rating, since it was not even connected to the Internet.

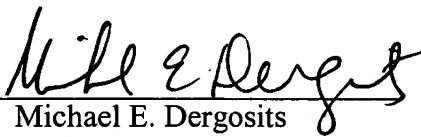
Lastly, applicant respectfully points out that the Internet Shopping Network article does not teach or suggest the preview of a video. For the reasons discussed above, applicant respectfully submits that claims 22, 31-33, 35-37, 52, 54, 55, 57, 58 and 60 are not obvious over Tsevdos in view of eShop and further in view of the Internet Shopping Network. Withdrawal of this rejection is requested.

Conclusion

In view of the remarks provided herein, it is respectfully submitted that the pending claims are in condition for allowance. Applicant respectfully requests reconsideration and allowance of these claims. If there are any additional charges, please charge them to our Deposit Account Number 04-0822.

Respectfully submitted,
DERGOSITS & NOAH LLP

Dated: May 26, 2005

By: 
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Enclosures.

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SECTION: No. 15, Vol. 16

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HEADLINE: eShop NAMES FIRST PARTNERS FOR ONLINE RETAILING SERVICE

BODY:

eShop Inc. took the wraps off its online shopping technology at the Interactive Services Association conference in Boston two weeks ago, and announced technology and retail partners for its service.

The company offers a complete electronic retailing package, which includes design tools for storefront creation, a free browser for secure World Wide Web credit card purchasing and a back-end management system to handle order processing and other merchant marketing activities.

Spiegel, Tower Records, 1-800-FLOWERS and The Good Guys will be among the eShop mall's first consumer-oriented merchants when the system goes live in the fourth quarter this year. GE Capital's Commercial Equipment Financing unit will launch a business-to-business Web service under eShop's Mall Hosting Platform service. GE Capital invested in eShop last January (IISR, Jan. '27, p. 18).

Netscape Communications Corp. is the first browser company to announce it will bundle the eShop client with the commercial version of Netscape, but eShop President and Chief Operating Officer Will Poole expects other deals with browser companies and the online services to be announced in the next few months. The eShop client is available for free downloading and includes encryption technology licensed from RSA Data Security Inc. for secure credit card transactions.

Consumers to Have Free Connection

A direct version of the eShop browser also will be available to connect to the mall users who do not have Web access. eShop is working with Portal Information Network to give consumers the free connection, and also to host eShop's servers from Sun Microsystems Inc.

While Web-based malls such as the Internet Shopping Network subscribe to the mass merchant approach, eShop plans to keep its mall small, with five to 10 initial stores online, Poole said. "Our goal is to build a much richer, engaging environment using our technology," he said.

The eShop technology includes three components: Browser, Builder and Warehouse applications. The eShop Builder is a Windows-based graphical user interface that lets merchants create both 3-D and 2-D online stores. Builder includes eShop's ShopScript authoring language, which can create intelligent promotional capability that can be tailored for individual users. Based on user profiles or previous shopping experiences, ShopScript-created "shopping assistants" can offer tailored promotions, such as digital coupons, to mall shoppers.

Warehouse Application Keeps Track

The promotional capability also is built into the back-end Warehouse application, which keeps track of past purchases, allows initial shopper registration and customizes electronic coupons for personal preferences. The eShop system tracks shopping behavior information and demographics, and can generate reports for companies based on user patterns, Poole said. It also computes tax and shipping charges in real time, based on preferences specified by the merchant, to give a buyer the total charges up front.

Warehouse manages orders, by checking for valid credit cards and that the requested products exist or realistically can be created according to the user's specifications. Orders are sent via electronic data interchange (EDI), electronic mail or fax from the eShop system to the retailer for fulfillment.

eShop's technology and management will be provided to third parties under its Mall Hosting Platform. GE will be managing its business-to-business mall through this platform.

eShop touts its service as a multimedia experience, but bandwidth constraints still rule out video and limit audio use. Instead, the mall sports full-screen graphics through image compression and caching technology. One advantage is that once a mall site is downloaded, the images are stored on a user's hard drive, meaning that only storefront updates need to be retransmitted on future visits instead of entire store graphics, Poole said.

Revenue From Sales Will Keep Costs Low

eShop will look for revenues from a percentage of sales instead of high fees for the tools, Poole said. The percentage of sales in the eShop mall will vary by industry, depending on the different margins and business models for each merchant, he said. For its Mall Hosting service, eShop will charge a larger up-front fee for the tools but take a smaller percentage of transactions.

Poole expects business-to-business sales to stir up more revenue but less volume in the near term until more consumers embrace online shopping.

The eShop technology was licensed by AT&T Corp. for use in its PersonalLink Market Square, an online shopping service for personal digital assistants scheduled for launch by the end of the year. eShop also teamed with Intel Corp. for a demonstration of eShop's technology on cable modems, and the company may be involved in cable modem-based online trials in 1996.

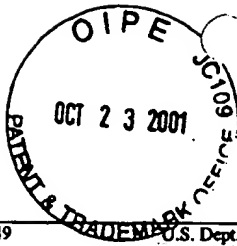
eShop can be reached at (415) 573-7770.

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IAC-ACC-NO: 2856383 ND

LOAD-DATE: October 24, 1995

PA00641



PATENT
Attorney Docket No.: 106.48

Sheet 1 of 5

FORM PTO-1449 (Rev. 7-80)		U.S. Dept. of Commerce Patent and Trademark Office		Atty. Docket No. 106.48		Appl. No. 09/412,404	
LIST OF PRIOR ART CITED BY APPLICANT (Use several sheets if necessary)				Applicant: Kaplan, Joshua T.			
				Filing Date: October 5, 1999			
U.S. PATENT DOCUMENTS							
Examiner Initials	Group	Document Number	Date	Name	Class	Subclass	Filing Date
<i>h</i>	A	4,789,863	12/6/88	Bush	340	825.350	
<i>h</i>	A	5,793,980	8/11/98	Glaser et al.	395	200.61	11/30/94
<i>h</i>	A	3,990,710	11/9/76	Hughes	274	1R	
<i>h</i>	A	5,084,768	1/28/92	Stern et al.	358	342	
<i>h</i>	A	4,414,467	11/8/83	Gould et al.	235	381	
<i>h</i>	A	4,780,599	10/25/88	Baus	235	383	
<i>h</i>	A	4,866,661	9/12/89	de Prins	364	900	
FOREIGN PATENT DOCUMENTS							
	Group	Document Number	Filing Date	Country	Class	Subclass	Translation Yes No
<i>h</i>	C	EP0649121 A2		EPO	G07F	17/16	X
OTHER PRIOR ART (Including Author, Title, Date, Pertinent Pages, Etc.)							
<i>h</i>	A	Campbell, G.M. et al., "DIG-Music: An On Demand Digital Musical Selection System Utilizing CATV Facilities," IEEE Transactions on Consumer Elec., August 1982.					
<i>h</i>	A	Salomon, Gitta, "Designing Casual-Use Hypertext: The CHI '89 InfoBooth," ACM SIGCHI 1990 Conf. Proceedings, April 1990.					
<i>h</i>	A	O'Connell, Laura, "Mixing and Matching Musical Tastes," ComputerWorld, July 23, 1991.					
<i>h</i>	A	Daly, James, "Music by Modem," IUMA Press Clippings, Sept. 1991.					
<i>h</i>	A	Loeb, Shosana, "Architecting Personalized Delivery of Multimedia Info," Commun. of the ACM, Dec. 1992.					
<i>h</i>	A	Bajak, Frank (Assoc. Press), "Wiring the Planet Part 2," San Francisco Examiner, May 31, 1993.					
<i>h</i>	A	BNA, "Music Publishers File Class-Action Against CompuServe for Infringement," BNA Patent, Trademark & Copyright Daily, Dec. 27, 1993.					
<i>h</i>	A	Browne, Steve, "The Internet via Mosaic and World-Wide Web," Ziff-Davis Press, 1994.					
<i>h</i>	A	Lieb, Kristin, "On-Line Archive Offers Music," IUMA Press Clippings, Feb. 26, 1994.					
<i>h</i>	A	Pride, Dominic, "UK Bands Attack Convention Thru Internet; Cerebus Allows Unsigned Acts Exposure on System," Billboard, Aug. 6, 1994.					
<i>h</i>	A	Rosen, Nick, "Internet Gives a Break to Budding Pop Stars," Sunday Times, Aug. 7, 1994.					
<i>h</i>	A	Dougherty et al., "The Mosaic Handbook for the Macintosh," O'Reilly & Assoc., Oct. 1994.					
<i>h</i>	A	Lichtman, Irv (Ed.), "The Billboard Bulletin," Billboard Publications, Dec. 3, 1994.					
<i>h</i>	A	Gillen, Marilyn, "BPI-YEAR-ONLINE; Music Labels Plug In, Turn On and Go Online," Billboard, Dec. 16, 1994.					
<i>h</i>	A	Greenman, Ben, "Netmusic," Michael Wolff & Co., 1995.					
<i>h</i>	A	Rawsthorn, Alice, "Media Futures: Musical Moneyspinners," Financial Times, Jan. 2, 1995.					
<i>h</i>	A	"Internet Shopping Network Says 500 Users Purchase Online Daily," Elec. Mktplace Report, Simba Info Inc., 1995. <i>4/11/95</i>					
<i>h</i>	A	"Internet Shopping Network (ISN) Launches Interactive Home Music Shopping Service with Intouch Group, Inc. for Internet Users Worldwide...", Business Wire 1995. <i>4/11/95</i>					
Examiner <i>h</i>				Date Considered <i>1-25-05</i>			
* Examiner: Initial if reference considered, whether or not citation is in conformance with MPEP 609; Draw line through citation if not in conformance and not considered. Include copy of this form with next communication to applicant.							

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FORM PTO-1449 (Rev. 7-80)		U.S. Dept. of Commerce Patent and Trademark Office		Atty. Docket No. 106.48		Appl. No. 09/412,404	
LIST OF PRIOR ART CITED BY APPLICANT				Applicant: Kaplan, Joshua T.			
(Use several sheets if necessary)				Filing Date: October 5, 1999			
U.S. PATENT DOCUMENTS							
Examiner Initials	Group	Document Number	Date	Name	Class	Subclass	Filing Date
<i>[Signature]</i>	B	5,708,780	1/13/98	Levergood et al.	395	200.12	6/7/95
<i>[Signature]</i>	B	5,583,763	12/10/96	Atcheson et al.	364	551.01	9/9/93
<i>[Signature]</i>	B	5,712,979	1/27/98	Graber et al.	395	200.11	9/20/95
FOREIGN PATENT DOCUMENTS							
	Group	Document Number	Filing Date	Country	Class	Subclass	Translation Yes No
<i>[Signature]</i>	C	EP 0 690 627 A	06/20/95	EP	H04N	7/173	X
OTHER PRIOR ART (Including Author, Title, Date, Pertinent Pages, Etc.)							
<i>[Signature]</i>	A	Armstrong, David, "Internet Surfers Can Play it Again: New System Offers Audio On Demand," San Francisco Examiner, April 12, 1995.					
<i>[Signature]</i>	A	Lieb, Kristin, "Underground Music Archive Comes of Age," Billboard, June 10, 1995.					
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<i>[Signature]</i>	A	"Now Open! Music Blvd at www.Musicblvd.com - The Internet's Largest 24-Hr Multimedia Music Store," Business Wire, Aug. 16, 1995.					
<i>[Signature]</i>	A	"Is Rockin' Nominated as One of Five 'Cool Sites of the Year'," The Hollywood Reporter, Copyright 1995 BPI Commun., Inc.					
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<i>[Signature]</i>	A	"Virgin Records on AOL," Newsbyte News Network, Aug. 29, 1995.					
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<i>[Signature]</i>	A	McMurray, Sandy, "Giving Retail a Run for Your Money," Tornot Sun, Oct. 25, 1995.					
<i>[Signature]</i>	A	Ginsberg, Steve, "Music Firm Hopes Internet Can Help it Strike Better Note," San Francisco Business Times, Oct. 27, 1995.					
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<i>[Signature]</i>	A	"Keep Your Eye On IUMA," Entrepreneurial Edge, 1996 IUMA Press Clippings.					
<i>[Signature]</i>	A	Music Store Reviews (11 pgs, PA00155-165), Unknown Author(s), Various Dates in 1996.					
<i>[Signature]</i>	B	"RealAudio Server Administrator' Guide" Rel. 1.0.1, Progressive Networks, July/October 1995.					
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<i>[Signature]</i>	B	McCullaugh, Jim, "MusicNet lets consumers' fingers do the walking," Billboard, Vol. 105, No. 42, October 16, 1993.					
<i>[Signature]</i>	B	Bolton, Sari, "Rolling Stone phone service puts music on the line," Billboard, Vol 106, No. 30, July 23, 1994.					
<i>[Signature]</i>	B	December, John et al., "The World Wide Web Unleashed," SAMS Publishing, 1994.					
<i>[Signature]</i>	B	"Entertainment Marketing in Cyberspace: Flavor of the Month or Long-Term Strategy?" Entertainment Marketing Letter, August 1, 1995.					
Examiner <i>[Signature]</i>				Date Considered 1-25-05			
* Examiner: Initial if reference considered, whether or not citation is in conformance with MPEP 609; Draw line through citation if not in conformance and not considered. Include copy of this form with next communication to applicant.							

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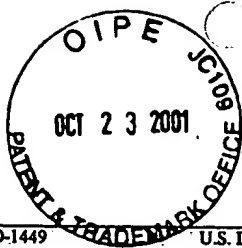


PATENT
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Sheet 3 of 5

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Examiner Initials	Group	Document Number	Date	Name	Class	Subclass	Filing Date
<i>LM</i>	C	5,734,719	3/31/98	Tsevdos et al.	380	5	12/10/96
<i>LM</i>	C	3,964,025	06/15/76	Oosterhouse	340	162	11/22/74
<i>LM</i>	C	4,590,516	05/20/86	Abraham	358	86	06/01/82
<i>LM</i>	C	4,996,642	02/26/91	Hey	364	419	09/25/89
<i>LM</i>	C	5,084,768	01/28/93	Stern et al.	358	342	09/29/89
<i>LM</i>	C	5,132,992	07/21/92	Yurt et al.	375	122	01/07/91
<i>LM</i>	C	5,191,611	03/02/93	Lang	380	25	01/18/91
<i>LM</i>	C	5,418,713	05/23/95	Allen	364	403	05/25/95
<i>LM</i>	C	5,442,389	08/15/95	Blahut et al.	348	7	12/28/92
<i>LM</i>	C	5,446,919	8/15/95	Wilkins	455	62	10/09/91
<i>LM</i>	C	5,555,441	09/10/96	Haddad	455	42	08/02/94
<i>LM</i>	C	5,557,541	09/17/96	Schulhof et al.	364	514	07/21/94
<i>LM</i>	C	5,590,282	12/31/96	Clynes	395	200.02	07/11/94
<i>LM</i>	C	5,592,511	1/29/96	Schoen et al.	375	220	1/29/96
FOREIGN PATENT DOCUMENTS							
	Group	Document Number	Filing Date	Country	Class	Subclass	Translation Yes No
<i>LM</i>	C	WO96/41285	12/19/96	PCT	G06F	17/30	X
OTHER PRIOR ART (Including Author, Title, Date, Pertinent Pages, Etc.)							
<i>LM</i>	B	"CD-ROM Drive rewriteable", Electronic Buyers' News, August 7, 1995.					
<i>LM</i>	B	"Driving Magnetic Technology to New Heights: Disk Makers deliver on speed, performance and capacity improvements," VARBusiness, Issue 11, March 1, 1995.					
<i>LM</i>	B	"News in Brief," Electronic MarketPlace Report, April 18, 1995.					
<i>LM</i>	B	Frook, John Evan, "RealAudio pumps up beta sites," Interactive Age, June 19, 1995.					
<i>LM</i>	B	"Everyone else is doing it-so why don't we?" Music Week, May 20, 1995.					
<i>LM</i>	B	"Netscape Announces Add-on Product Suite for Popular Netscape Navigator Software," Netscape Comm. Corp., October 25 1995.					
<i>LM</i>	B	"VocalTech adds to Ventana retail bundle, launches RealAudio competitor," Interactive Age Daily, September 25, 1995.					
<i>LM</i>	B	"One-to-one marketing on the World Wide Web," Interactive Age, January 16, 1995.					
<i>LM</i>	B	Entertainment.com, program code from web site (?), 47 pages, Author unknown, date unknown (submitted [note Bates numbers E0000001-E0000047] by Entertainment as their "Initial Disclosure of Prior Art" in the Intouch lawsuit referenced above).					
<i>LM</i>	B	Documents representative of eShop Technology (Bates Nos. PA00823-927) produced by Defendants in the litigation (out of approximately 12,000 pages total).					
Examiner <i>LM</i>				Date Considered 1-26-05			
* Examiner: Initial if reference considered, whether or not citation is in conformance with MPEP 609; Draw line through citation if not in conformance and not considered. Include copy of this form with next communication to applicant.							

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PATENT
Attorney Docket No.: 106.48

Sheet 4 of 5

FORM PTO-1449 (Rev. 7-80)		U.S. Dept. of Commerce Patent and Trademark Office		Atty. Docket No. 106.48		Appl. No. 09/412,404	
LIST OF PRIOR ART CITED BY APPLICANT				Applicant: Kaplan, Joshua T.			
(Use several sheets if necessary)				Filing Date: October 5, 1999			
U.S. PATENT DOCUMENTS							
Examiner Initials	Group	Document Number	Date	Name	Class	Subclass	Filing Date
<i>an</i>	C	5,617,565	04/01/97	Augenbraun et al.	395	604	11/29/94
<i>an</i>	C	5,636,276	06/03/97	Brugger	380	4	04/18/95
<i>an</i>	C	5,640,193	06/17/97	Wellner	348	7	08/15/94
<i>an</i>	C	5,659,742	08/19/97	Beattie et al.	395	615	09/15/95
<i>an</i>	C	5,691,964	11/25/97	Niederlein et al.	369	30	12/20/93
<i>an</i>	C	5,710,884	01/20/98	Dedrick	395	200	03/29/95
<i>an</i>	C	5,717,923	02/10/98	Dedrick	395	613	11/03/94
<i>an</i>	C	5,721,827	02/24/98	Logan et al.	395	200.47	10/02/96
<i>an</i>	C	5,790,423	08/04/98	Lau et al.	364	514	06/14/95
<i>an</i>	C	5,805,804	09/08/98	Laursen et al.	395	200.02	03/12/97
FOREIGN PATENT DOCUMENTS							
	Group	Document Number	Filing Date	Country	Class	Subclass	Translation Yes No
<i>an</i>	C	GB2218081A	4/15/88	UK Patent Appln.	G07F	17/00	X
OTHER PRIOR ART (Including Author, Title, Date, Pertinent Pages, Etc.)							
<i>an</i>	C	"Intel's CablePort Roster Growing," Newsbytes, November 22, 1994.					
<i>an</i>	C	Swett, Clint, "A Plan to Sell Songs in Cyberspace," Sacramento Bee, November 30, 1994.					
<i>an</i>	C	"eShop Announces Partnerships," Business Wire, July 13, 1995.					
<i>an</i>	C	"eShop Brings Dynamic Retailing to the Internet," Business Wire, July 13, 1995.					
<i>an</i>	C	"eShop Brings Its Interactive Shopping Technology to the Internet," Electronic Marketplace Report, July 18, 1995.					
<i>an</i>	C	"eShop Names First Partners for Online Retailing Service," Information and Interactive Services Report, July 28, 1995.					
<i>an</i>	C	"Total Retailing on the 'Net," Dot.com Magazine, August 1995.					
<i>an</i>	C	Boisseau, Charles, "Shop on the Web with Smartware," Houston Chronicle, August 27, 1995.					
<i>an</i>	C	"Screen shots of the esShop browser, the eShop diskettes and diskette envelope.					
<i>an</i>	C	Intouch Group, Inc., Certificate of Registration for Copyright Reg. No. Txu 749-360 for "Computer Program," July 8, 1996.					
<i>an</i>	C	Klemets, Anders, "The Design and Implementation of a Media on Demand System for WWW," Department of Teleinformatics, Royal Institute of Technology, Sweden.					
<i>an</i>	C	Pitkow, James et al., "WebViz: A Tool for WWW Access Log Analysis," Visualization and Usability Center, College of Computing, Georgia Institute of Technology, Atlanta, GA.					
<i>an</i>	C	Shardanand, Upendra et al., "Social Information Filtering: Algorithms for Automating 'Word of Mouth'," MIT Media-Lab, Cambridge, MA					
<i>an</i>	C	Patterson, David A. et al., "A Case of Redundant Arrays of Inexpensive Disks (RAID)," Computer Science Division, Department of Electrical Engineering & Computer Sciences, University of California, Berkeley, CA 1988.					
<i>an</i>	C	Arons, Barry et al., "The VOX Audio Server," Olivetti Research Center, CA, 1989.					
<i>an</i>	C	"Geffen Tries On-line Retailing," United Press International, November 22, 1994.					
Examiner <i>an</i>				Date Considered 1-25-05			
* Examiner: Initial if reference considered, whether or not citation is in conformance with MPEP 609; Draw line through citation if not in conformance and not considered. Include copy of this form with next communication to applicant.							

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PATENT
Attorney Docket No.: 106.48

Sheet 5 of 5

FORM PTO-1449 (Rev. 7-80)		U.S. Dept. of Commerce Patent and Trademark Office		Atty. Docket No. 106.48		Appl. No. 09/412,404	
LIST OF PRIOR ART CITED BY APPLICANT				Applicant: Kaplan, Joshua T.			
(Use several sheets if necessary)				Filing Date: October 5, 1999			
U.S. PATENT DOCUMENTS							
Examiner Initials	Group	Document Number	Date	Name	Class	Subclass	Filing Date
h	C	4,703,465	10/27/87	Parker	369	30	
FOREIGN PATENT DOCUMENTS							
OTHER PRIOR ART (Including Author, Title, Date, Pertinent Pages, Etc.)							
h	C	Beach, Patrick, "Tunes on Infobahn," The Des Moines Register, Inc., December 22, 1994.					
h	C	Gillen, Marilyn A., "OnLine Retail Sees Co-Existing Niche," Billboard, March 18, 1995.					
h	C	Kristol, David M., "Proposed HTTP State-Info Mechanism," AT&T Bell Laboratories, March 22, 1995.					
h	C	"Netscape Places Server Software Products on the Internet for Free Evaluation," Netscape Press Release, home.netscape.com, May 31, 1995					
h	C	Richardson, Robert, "Virtual Value Add; Three Web Sites That Provide Value to the Internet," Information Access Company, June 1995.					
h	C	Mathews, Jason, "Techniques to Maintain Information Across Web Pages," www.deja.com, June 6, 1995.					
h	C	Grand, Paul, "Free Beta Test of NetCount Webtracking & Rating System," www.deja.com, June 5, 1995.					
h	C	Hayne, Cameron, "Don't link to Starting Point," www.deja.com, May 1, 1995.					
h	C	"Research Firms Strive for Web Tracking That Counts," Interactive Marketing News, June 23, 1995.					
h	C	Carlson, Steve, "If Music Retailers Sell on the 'Net So Can You," Budapest Business Journal, July 7, 1995.					
h	C	Kaplan, Karen, "The Cutting Edge: Computing/Technology/Innovation; Listening Boom," Los Angeles Times, July 12, 1995.					
h	C	"Progressive Networks Ships RealAudio system," Business Wire, July 25, 1995.					
h	C	Plotnikoff, David, "Where to find Music Sites in Cyberspace," The Dayton Daily News, August 4, 1995.					
h	C	"Virtual Office Launches WebWatch to Track Web Site Usage," Daily Spectrum: Morph's Outpost Interactive Media News, www.3dsite.com, August 17, 1995.					
h	C	Evenson, Laura, "Online Pop Fans Can Cruise for Tour Dates, Album Reviews Gossip and Inside Info," The San Francisco Chronicle, August 29, 1995.					
h	C	"Dataquest Licenses Netscape Publishing System to Develop Market Research & Analysis Website," Daily Spectrum: Morph's Outpost Interactive Media News, www.3dsite.com, September 20, 1995.					
h	C	Segev, Arie, "Designing Electronic Catalogs for Business Value: Results of the CommerceNet Pilot," The Fisher Center for Information Technology & Management, Haas Business School, University of California, Berkeley, CA, October, 1995.					
h	C	"Microsoft Announces Availability of Cinemania 96 and Music Central 96," PR Newswire, October 23, 1995.					
h	C	"Netscape Announces Add-On Product Suite for Popular Netscape Navigator Software," Netscape Press Release, home.netscape.com, October 25, 1995.					
h	C	IT Networks and Music Marketing Network Press Release announcing the launch of the CD Sampler, July 25, 1994.					
Examiner A. G.				Date Considered 1-26-05			
* Examiner: Initial if reference considered, whether or not citation is in conformance with MPEP 609; Draw line through citation if not in conformance and not considered. Include copy of this form with next communication to applicant.							

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RICHARD A. WIEKERS
CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE

No. C-00-1156-DLJ

ORDER

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DEC 14 2001

RON GUTTMAN

1 INTOUCH GROUP, INC.,)

2 Plaintiff,)

3 v.)

4 AMAZON.COM, INC., a Delaware)
corporation; LIQUID AUDIO,)
5 INC., a Delaware corporation;)
LISTEN.COM, INC., a)
6 California Corporation;)
ENTERTAINDOM LLC; a Delaware)
7 corporation;)
DISCOVERMUSIC.COM, INC., a)
8 Delaware corporation; and)
MUSE, INC., a New York)
9 corporation)

10 Defendants.)

11 AND RELATED CROSS-ACTIONS)
12

13
14 On October 12, 2001, the Court heard argument on two
15 motions for summary judgment of invalidity of patent no.
16 5,963,916 ("916 patent") under the on-sale bar of 35 U.S.C. §
17 102(b). These motions were brought by defendants Listen.com,
18 Inc. ("Listen.com") and Entertaindom, LLC ("Entertaindom";
19 collectively referred to as "defendants"). Ronald E. Guttman
20 appeared on behalf of plaintiff Intouch Group, Inc.
21 ("Intouch"). Daniel Johnson, Jr. and Sean Debrune appeared on
22 behalf of Listen.com, and Charles K. Verhoeven appeared for
23 Entertaindom. Having considered the arguments of counsel, the
24 papers submitted, the applicable law, and the record in this
25 case, the Court hereby DENIES defendants' motions for summary
26 judgment.
27
28

\\

\\

United States District Court
For the Northern District of California

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1 I. BACKGROUND

2 A. Factual Background and Procedural History

3 Intouch is the assignee of the '916 patent, entitled
4 "Network Apparatus and Method for Preview of Music Products and
5 Compilation of Market Data." The '916 patent describes an
6 Internet web site that allows users to preview and purchase
7 music on-line and at the same time collects information for
8 market research purposes. The patent lists Joshua D. Kaplan as
9 the inventor, and has a filing date of October 31, 1996.

10 Defendants Listen.com and Entertaindom each moved for
11 summary judgment, asserting that the '916 patent is invalid due
12 to the statutory limitation of 35 U.S.C. § 102(b), commonly
13 referred to as the "on-sale bar." Plaintiff opposed these
14 motions, and oral argument was heard on October 12, 2001.

15 B. Legal Standard16 1. Summary Judgment

17 The Federal Rules of Civil Procedure provide for summary
18 judgment when "the pleadings, depositions, answers to
19 interrogatories, and admissions on file, together with the
20 affidavits, if any, show that there is no genuine issue as to
21 any material fact and that the party is entitled to a judgment
22 as a matter of law." Fed. R. Civ. P. 56(c).

23 Summary judgment is appropriate when the party with the
24 burden of proof cannot meet its burden, or if there are no
25 factual disputes which require resolution by a trier of fact.
26 See Matsushita Elec. Indus. Co. v. Zenith Radio Corp., 475 U.S.
27 574, 586-587 (1986). Rule 56 does not permit the Court to sit
28

1 as a trier of fact. If there are factual disputes, the trier
2 of fact must resolve them. See Anderson v. Liberty Lobby,
3 Inc., 477 U.S. 242, 249 (1986). Accordingly, the Court cannot
4 make credibility determinations or weigh evidence, and must
5 draw all inferences in favor of the non-moving party. Id.

6 "A patent is presumed to be valid, see 35 U.S.C. § 282
7 (1994), and this presumption can only be overcome by clear and
8 convincing evidence to the contrary." Helifix Ltd. v. Blok-Lok,
9 Ltd., 208 F.3d 1339, 1346 (Fed. Cir. 2000) (citing WMS Gaming,
10 Inc. v. Int'l. Game Tech., 184 F.3d 1339, 1355 (Fed. Cir.
11 1999)). When moving for summary judgment based on the on-sale
12 bar, the moving party must "establish that there are no
13 material facts in dispute relating to its assertion of the on-
14 sale bar, and it has to present clear and convincing evidence
15 that the invention claimed in the [] patent was on sale."
16 Helifix Ltd., 208 F.3d at 1346.

17 In deciding a motion for summary judgment of invalidity,
18 the burden of proof must be considered. National Presto
19 Indust., Inc. v. West-Bend Co., 76 F.3d 1185, 1189 (Fed. Cir.
20 1996) (quoting Anderson, 477 U.S. at 254, which held that a
21 heightened standard of clear and convincing evidence, which
22 would be party's burden at trial, is to be considered when
23 evaluating sufficiency of evidence on motion for summary
24 judgment). The party who has the burden of proof must persuade
25 the Court that the available admissible evidence will be
26 sufficient to meet the standard necessary for judgment as a
27 matter of law: "whether the evidence presents a sufficient
28

1 disagreement to require submission to a jury or whether it is
2 so one-sided that one party must prevail as a matter of law."
3 Anderson, 477 U.S. at 251-52.

4 2. The Statutory Limitation of 35 U.S.C. § 102(b)

5 Under 35 U.S.C. § 102(b), an inventor is not entitled to a
6 patent if the invention was on sale or in public use in this
7 country more than one year prior to the filing date of the
8 application. See 35 U.S.C. § 102(b).

9 a. "On-Sale"

10 [T]he on-sale bar applies when two conditions are
11 satisfied before the critical date. First, the
12 product must be the subject of a commercial offer
13 for sale.... Second, the invention must be ready
14 for patenting. That condition may be satisfied in
15 at least two ways: by proof of reduction to
16 practice before the critical date; or by proof that
17 prior to the critical date the inventor had prepared
18 drawings or other descriptions of the invention that
19 were sufficiently specific to enable a person
20 skilled in the art to practice the invention.

21 Pfaff v. Wells Electronics, Inc., 525 U.S. 55, 67 (1998).

22 To determine whether there is a "commercial offer for
23 sale," courts are to look to general principles of contract
24 law in determining what constitutes a binding offer. Group
25 One, Ltd. v. Hallmark Cards, Inc., 254 F.3d 1041, 1047-1048
26 (Fed. Cir. 2001). In making this determination, courts should
27 look closely at the language used by the parties as evidence
28 of their intent. Id. at 1048.

29 b. "In Public Use"

30 "Public use" is defined as "any use of the claimed
31 invention by a person other than the inventor who is under no
32 limitation, restriction or obligation of secrecy to the

1 inventor." Lough v. Brunswick, 86 F.3d 1113, 1119 (Fed. Cir.
2 1996) (quotation omitted). Further, "commercial exploitation
3 by the inventor of a machine or process constitutes a public
4 use even though the machine or process is held secret."
5 Kinzebaw v. Deere & Co., 741 F.2d 383, 390 (Fed. Cir. 1984).
6 In Pfaff, 525 U.S. at 63, the Court reiterated its earlier
7 holding that an inventor loses his right to a patent if he
8 puts his invention into public use before filing a patent
9 application, stating that "[h]is voluntary act or acquiescence
10 in the public sale and use is an abandonment of his right."
11 525 U.S. at 63 (quoting Penrock v. Dialogue, 27 U.S. 1, 23
12 (1829), which states that a bar to an infringement claim
13 exists if an individual puts his invention into public use or
14 sells it for public use before he applies for a patent -- even
15 if he is the first and the true inventor).

16 II. DISCUSSION

17 All parties agree that October 31, 1995, one year prior to
18 the filing of the '916 patent application, is the "critical
19 date" for the public use or on-sale bar. Defendants contend
20 that plaintiff's conduct prior to October 31, 1995 invalidates
21 claims 1, 2, 4-11, 13-15, 17 and 18 of the '916 patent under
22 35 U.S.C. 102(b). Plaintiff responds that defendants have not
23 met their burden for summary judgment because they have not
24 established that the invention described in the '916 patent
25 was in public use or on sale before that date, according to
26 the requirements of Pfaff.

27 \\\

1 A. Public Use.

2 Intouch created two separate prototypes that were
3 displayed to the general public prior to October 31, 1995, and
4 are alleged by Entertaindom to have embodied the elements of
5 claims 1, 2, and 5-7. The "iStation Online" prototype was in
6 public use at the April 1995 Internet World convention, a
7 trade show. A press release dated April 11, 1995 describes
8 the features of the "iStation Online" and a letter from an
9 Intouch Vice President refers to the "beta version"
10 demonstrated at the April convention (presumably the iStation
11 Online) and states that the beta version on the World Wide Web
12 "had received 47,000 'hits' since being announced in the
13 second week of April." An Intouch business plan dated
14 September 1995 includes a web address for the iStation Online.
15 Finally, an internal e-mail from inventor Joshua Kaplan to his
16 staff regarding a May 25, 1995 demonstration of the iStation
17 Online refers to "our WWW site."

18 The "Strawberries prototype" was also publicly used to
19 demonstrate Intouch's "virtual music store" to the CEO of
20 Strawberries Music.¹ An e-mail of October 1, 1995 and a
21 letter of October 11, 1995 both direct the recipient to view
22 the Strawberries prototype at a particular web address. An e-
23 mail from Mr. Kaplan, dated October 1, 1995, requests
24 information on the number of persons who visited the
25

26 ¹Entertaindom's papers also refer to a "Camelot prototype"
27 but Entertaindom does not allege that the Camelot prototype was
28 in public use.

1 "Strawberries sites."

2 It is undisputed that these prototypes were on public
3 display prior to the critical date. However, Intouch argues
4 that these prototypes were not ready for patenting in that
5 neither contained all of the elements of claims 1, 2, and 5-7
6 of the '916 patent.

7 In Scharmer v. Carrollton Manufacturing Co., 525 F.2d 95,
8 100 (6th Cir. 1975), the court held that "a public use or sale
9 which invalidates a patent must be a use or sale of the very
10 invention patented," Thus, Entertaindom must establish that
11 either prototype disclosed each element of the challenged
12 claims. Entertaindom has not met that burden.

13 Intouch has raised a triable issue of fact as to whether
14 these three elements were all present in either the iStation
15 Online or the Strawberries prototypes:

- 16 1) an Internet connection (required in all independent
17 claims);
18 2) the ability to uniquely identify users (required in all
19 independent claims); and
20 3) the ability to track a user's activities (required in
Claim 1).

21 Mr. Kaplan's deposition testimony states that the
22 iStation Online prototype demonstrated at the Internet World
23 conference did not have a tele-communications link, did not
24 allow sampling, and did not allow purchasing. Intouch also
25 offers evidence suggesting that the Strawberries site was never
26 connected to the Internet.

27 Intouch argues that the iStation Online prototype could
28

1 not uniquely identify the user because it only accepted one or
2 two passwords, and thus could not uniquely identify users or
3 track their activities. Intouch's former Vice President of
4 Product Development stated in his deposition that the ability
5 to track a user's progress through the site was not developed
6 prior to October 31, 1995.² Intouch also provides evidence
7 that implies that user tracking was not available on the
8 iStation Online prototype; a document dated October 24, 1995
9 suggests that there is "major work needed" on the "info Center"
10 portion of the web site.

11 Entertaindom argues that summary judgment is appropriate
12 because these elements were inherent in the prototypes, and
13 under Mehl/Biophile Int'l Corp. v. Milgraum, 192 F.3d 1362,
14 1366 (Fed. Cir. 1999), express disclosure of each limitation is
15 unnecessary. However, in Mehl/Biophile, the court granted
16 summary judgment based on prior art, a written description
17 which expressly disclosed all but one claim limitation. The
18 court held that the remaining limitation was impliedly
19 disclosed because it was the "natural result flowing from the
20 [disclosed method]" and "[n]o reasonable juror could find
21 otherwise." 192 F.3d at 1366.

22 The evidence presented by Entertaindom would allow
23 reasonable jurors to disagree as to whether each element was
24 impliedly disclosed by the public displays of the iStation
25

26 ²In making this statement, Mr. Hunter was specifically
27 referring to the worldwidemusic web site, not the iStation
28 Online or Strawberries prototypes.

1 Online and Strawberries prototypes. As a general matter,
2 credibility assessments are not appropriate to summary
3 judgment. See Anderson, 477 U.S. at 249. Viewing the evidence
4 in the light most favorable to Intouch, a reasonable juror
5 could determine that the Entertaindom evidence was credible and
6 that some elements of the challenged claims were not present in
7 the prototypes. Accordingly, the Court finds that there is a
8 genuine issue of material fact as to whether each element of
9 claims 1, 2, and 5-7 was in public use. Entertaindom has
10 failed to satisfy the requirements for summary judgment with
11 respect to this issue.

12 B. On-Sale Bar

13 Under Pfaff, in order to invalidate a patent under s
14 102(b), the patent must be both offered for sale and ready for
15 patenting before the critical date. 525 U.S. at 67. The Court
16 finds that there was an indisputable offer for sale before
17 October 31, 1995, but the facts conflict as to whether the
18 invention was actually ready for patenting prior to the
19 critical date.

20 1. The Offer for Sale.

21 To trigger the on-sale bar, the determining factor is
22 whether the invention was offered for sale, not whether it was
23 able to be produced at the time of the offer. Robotic Vision
24 Systems, Inc. v. View Engineering, Inc., 249 F.3d 1307, 1311
25 (Fed. Cir. 2001). Whether a commercial offer for sale was made
26 is evaluated by "[a]pplying established concepts of contract
27 law." Group One, Ltd. v. Hallmark Cards, Inc., 254 F.3d 1041,
28

1 1047-1048 (Fed. Cir. 2001). In making this determination the
2 court should "look closely at the parties' language" to
3 determine their intent. Id. at 1047-1048.

4 After reviewing the evidence, the Court concludes that
5 defendants have established that Intouch made a commercial
6 offer for sale in letters to Strawberries Music dated October
7 4, 5, and 9, 1995.

8 The October 4 letter begins with the language: "the
9 following is a summary of our proposal for establishing and
10 managing a Strawberries virtual store on the Internet." The
11 letter refers to a July 11, 1995 letter which details the
12 features of the product offered by Intouch. The October 4
13 letter sets out the development and management fees for
14 providing this product, as well as royalty arrangements and the
15 term of the service agreement. The letter concludes with a
16 demonstration of willingness to enter into an immediate
17 agreement for sale: "these terms represent our best and final
18 offer. We need to reach an agreement on the Strawberries
19 virtual store by the close of business tomorrow."

20 The October 5 letter restates the terms of the agreement,
21 specifies certain conditions subsequent, and concludes with the
22 following language: "To indicate your acceptance of these
23 terms, please sign this letter in the space indicated below and
24 fax it to our office." The letter contains a signature block
25 with the heading "Agreed to and Acknowledged in Full" above a
26 signature line for Strawberries Music.

27 The October 9 letter, bearing the reference line
28

1 "Commitment Letter[,] " again details the terms of the proposed
2 agreement, and includes specific instructions as to how the
3 recipient may "indicate [his] acceptance of these terms".

4 The letters satisfy the basic requirements for a valid
5 offer under traditional contract principles. Intouch's
6 contrary arguments regarding the parties subjective intent to
7 enter into an enforceable agreement, the manner of acceptance,
8 and the negotiation of subsequent agreements are inconsistent
9 with basic contract principles. Intouch's arguments do not
10 alter the fact that these letters represent an offer for sale.

11 Defendants have conclusively established that there was a
12 valid offer for sale prior to the critical date. However, to
13 be successful in their motions for summary judgment of
14 invalidity, defendants must also satisfy the second prong of
15 the Pfaff test, readiness for patenting.

16 2. Readiness For Patenting.

17 A party can prove that an invention is ready for patenting
18 in at least two ways: "[1] by proof of reduction to practice
19 before the critical date; or [2] by proof that prior to the
20 critical date the inventor had prepared drawings or other
21 descriptions of the invention that were sufficiently specific
22 to enable a person skilled in the art to practice the
23 invention." Pfaff, 525 U.S. at 67.

24 a. Reduction to Practice.

25 Entertaindom argues that prior to the critical date,
26 Intouch created two separate web sites which reduced to
27 practice each of the challenged claims. It points to the
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1 Strawberries prototype, as well as a web site launched in
2 November 1995 at the URL www.worldwidemusic.com (the
3 "worldwidemusic" site), claiming that these sites represent a
4 reduction to practice of claims 1, 2, and 5-7 of the '916
5 patent.

6 Entertaindom puts forth evidence, in the form of
7 deposition testimony, which suggests that these two web site:
8 1) allowed users to remotely log into the web servers, 2)
9 requested a user name and password, 3) allowed users to choose
10 a music sample, 4) allowed users to receive a music sample, and
11 5) allowed users to interactively preview the music sample.
12 Further, the evidence suggests that the Strawberries site also
13 allowed rating of samples and identified music by product code.

14 Intouch invokes its earlier argument, that neither the
15 Strawberries site nor the worldwidemusic site offered all of
16 the elements of the '916 patent. In support, Intouch puts
17 forth the deposition testimony of a number of Intouch employees
18 as well as a third party, suggesting that access to these sites
19 was not available via the Internet. Deposition testimony also
20 suggests that these sites did not require a user password, did
21 not relate activities to a particular user, and lacked
22 purchasing capability. Further, Intouch offers deposition
23 testimony that suggests that the Strawberries site did not
24 allow ratings and could not provide a user history, and that
25 "rating" and "user tracking" were not implemented on the
26 worldwidemusic site prior to October 31, 1995.

27 Although the evidence offered by Entertaindom supports a
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1 sufficiently specific; the employee "ultimately completed the
2 software program pursuant to [the inventor's] description of
3 the invention." Id.

4 In the same vein, Entertaindom argues by inference that
5 because Mr. Kaplan, the sole inventor of the '916 patent, is
6 not a software programmer he must have disclosed his concept to
7 Intouch programmers in order to reduce the invention to
8 practice. Contending that the worldwidemusic site was an
9 embodiment of the patent and was launched in late November or
10 early December 1995, Entertaindom reasons that Mr. Kaplan
11 necessarily must have provided an enabling disclosure of his
12 invention prior to October 31, 1995.

13 Entertaindom provides no conclusive evidence that the
14 invention was sufficiently described before the critical date.
15 Entertaindom offers the deposition of Randy Adams, the CEO of
16 Internet Shopping Network (ISN), who met with Mr. Kaplan to
17 discuss a joint venture between Intouch and ISN. Mr. Adams
18 stated that at one of the initial meetings, Mr. Kaplan drew
19 "boxes and arrows and lines and things like that" which
20 "communicated the concept between his iStation to [ISN] clearly
21 enough so that we understood the -- his contribution and was
22 able to integrate it into something which we implemented."
23 However, other than Mr. Adams' bare assertion, Entertaindom has
24 not put forth additional evidence supporting this claim.

25 Similarly, Entertaindom provides the declaration of Kurt
26 Hunter, Intouch's former Vice President of Product Development,
27 who asserts that Mr. Kaplan's descriptions of the products were
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1 sufficiently detailed so that ISN was able to create "an
2 operational prototype for downloading music samples in response
3 to user's requests in accordance with his specifications."

4 Hunter Declaration at ¶ 12. Mr. Hunter goes on to state that
5 the Intouch team was able to create an "operational web site
6 that included the features that Josh Kaplan had described to
7 [him]." Id.

8 Mr. Hunter's conclusory declaration does not rise to the
9 level of the evidence presented in Robotics. An issue of fact
10 exists as to whether these "operational prototypes" contained
11 all of the features of the challenged claims. See Kock v.
12 Quaker Oats, 681 F.2d 649, 654 (9th Cir. 1982) (concluding that
13 a working prototype did not necessarily indicate the stage of
14 completion of an invention). Further, Mr. Hunter's declaration
15 does not specify which features Mr. Kaplan described. In
16 short, Entertaindom has not put forth evidence of the same
17 clear and convincing weight found in Robotics.

18 Listen.com also fails to establish that the challenged
19 claims were "ready for patenting." Listen.com juxtaposes the
20 language from the '916 patent with the language from various
21 pre-critical-date documents circulated by Intouch to
22 demonstrate similarities in the language, arguing that if the
23 patent is sufficiently specific to allow one skilled in the art
24 to practice the invention, comparable descriptions in the
25 earlier Intouch documents must also be sufficiently specific to
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1 allow for the practice of the invention.' However, Listen.com
2 has not put forth any evidence of how a person skilled in the
3 art would interpret the Intouch documents. While the '916
4 patent has an inference of validity, and thus an inference that
5 the language is sufficiently enabling under 35 U.S.C. 282, the
6 similar language in the Intouch documents receives no such
7 benefit.

8 As stated above, in a motion for summary judgment, the
9 moving party must put forth clear and convincing evidence that
10 the pre-critical date descriptions were sufficiently specific
11 to allow one skilled in the art to practice the invention. See
12 Helifix Ltd., 208 F.3d at 1346. Defendants have not met this
13 burden. Defendants offer only fragmentary evidence and
14 inferences that the invention embodied in the challenged claims
15 was sufficiently described to make it ready for patenting prior
16 to the critical date.

17 In sum, defendants have not established clear and
18 convincing evidence that the pre-critical date descriptions
19 were sufficiently specific to enable a person skilled in the
20 art to practice the challenged claims. Because defendants have
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22 One of the documents presented by Listen.com is the
23 subject of an evidentiary objection relating to its
24 admissibility. The Court defers ruling on this objection, and
25 may allow the parties further opportunity to present arguments
26 on this subject. Without limiting any future ruling on the
27 matter, the Court notes that at this time it appears that any
28 attorney-client privilege which may have originally attached to
this document has since been waived by its subsequent non-
confidential circulation. At this time it is sufficient to
note that the inclusion or exclusion of this document would not
alter the Court's ruling on the pending motions for summary
judgment.

1 not clearly and convincingly established that the invention was
2 "ready for patenting" under the second prong of the Pfaff test,
3 their motions for summary judgment are DENIED.

4 III. CONCLUSION

5 For the foregoing reasons, the Court hereby DENIES
6 defendants' motion for summary judgment based on public use.
7 Viewing the evidence in a light most favorable to Intouch, it
8 is not possible to determine whether the publicly used
9 prototypes demonstrated a year prior to the critical date
10 embodied all elements of the '916 patent.

11 The Court also DENIES the motions for summary judgment
12 based on the on-sale bar. Although Intouch made an offer for
13 sale prior to October 31, 1995, the evidence is insufficient to
14 establish that the invention was ready for patenting at that
15 time.

16 IT IS SO ORDERED

17 Dated: December 12, 2001



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19 D. Lowell Jensen
20 United States District Judge
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